



Date: 11 January 2013

ASX Code: KGM

www.kalnorthgoldmines.com

Shares on issue: 169.9M ordinary shares

Share Price: \$0.30

Market Capitalisation: \$51.0M

Directors

Laurence Freedman AM: Chairman

Robert Schuitema: Deputy Chairman and

Company Secretary

John McKinstry: Managing Director Ross Gillon: Non-executive Director Henry Jian Yu: Non-executive Director

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Ground clearing commences at KalNorth's first gold mine

- Mining Licence received for commencement of maiden production at Lindsay's Gold Mine
- Mining to start immediately, delivering near-term cash flow
- Milestone event delivered on schedule January 2013
- Successful transition from gold explorer to producer

KalNorth Gold Mines Limited (ASX: KGM) is pleased to announce that it has commenced earthworks to prepare for mining at its 100% owned Lindsay's Gold Mine, some 50 km north of Kalgoorlie. This follows the issue of a Mining Licence from the Western Australian Department of Mines and Petroleum.

The official approval of the Company's Mining Proposal and Project Management Plan were the final steps in KGM's path to production. All elements for the extraction, transport and treatment of ore are now in place and equipment is already working on site.

The Lindsay's Open Pit Mine is expected to be in operation for approximately 18 months and to deliver a total of 440,000 tonnes of ore for around 40,000 ounces of gold in that time. Ore will be processed at the nearby Carosue Dam processing plant from February. Future underground mining at Lindsay's is also probable.

Managing Director, John McKinstry said:

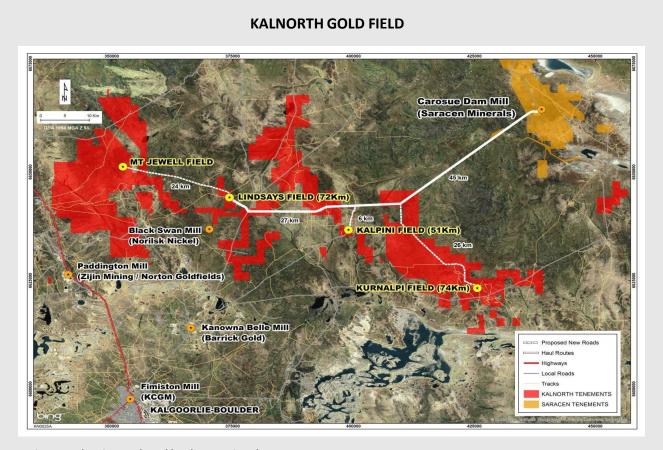
"Our comprehensive preparation resulted in rapid Mines Department approval. We are already clearing and stripping the mine site. Our focus is on early ore production from near surface material, beginning with the Parrot Feathers deposit. This will give us cash flow within a few months. It is very pleasing to see the first of our four operations commence on time. It is the transformational moment we have been working towards."

Chairman, Laurence Freedman AM, said:

"Two years ago when I became Chairman, I set a goal of transitioning from a gold explorer to producer by January 2013. To be able to report that we have achieved this goal, precisely on schedule, is due to the excellent planning and dedication of the KalNorth team, led by John McKinstry.

"Few people believed, until very recently, that we would get to production. Not only have we done so in a very short space of time, but have done so with minimal capital expenditure. Furthermore, Lindsay's is only the first of at least four mines planned for the KalNorth Gold Field, all in close proximity to Kalgoorlie. With cash flow commencing within months, we are well set to expand our exploration programs, which are designed to substantially increase the Company's Resource. We are also well advanced with planning for the next three mines on the KalNorth Gold Field."

#ENDS



Location map showing roads and local processing plants

About KalNorth Gold Mines Limited

KalNorth Gold Mines Limited (ASX Code: KGM) is a gold mining company based in Perth, Western Australia.

The Company's suite of tenements covers over 1,235km² of land, 50-80km north-east of the world-renowned gold mining town of Kalgoorlie, Western Australia. It is here that KalNorth Gold Mines also maintains an operations base.

There are four main projects within the KGM portfolio – Lindsay's, Kalpini, Kurnalpi and Mt Jewell (collectively the KalNorth Gold Field). Spargoville is also in KGM's portfolio as a JV project with Mithril Resources Limited.

KalNorth Gold Mines is well-funded to pursue the exploration and development of its projects.

To date, the Company has been focused on being in a position to commence first mining from the Lindsay's Field in January 2013. As per the above announcement, KGM has achieved this goal and gold production is now commencing.

As of 22 October 2012, the Company's name changed to KalNorth Gold Mines Limited (ASX: KGM) – it was previously known as Carrick Gold Limited (ASX code: CRK).